Dr. The Honourable Peter Phillips, M.P.
Minister of Finance and Planning
Ministry of Finance and Planning
30 National Heroes Circle,
Kingston 4
Jamaica

Re: DFID Grant No.TF0A1633-JM
Jamaica Strategic Public Sector Transformation Project

Dear Minister Phillips:

In response to the request for financial assistance made on behalf of Jamaica ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development/International Development Association ("World Bank"), acting as administrator of grant funds provided by the United Kingdom of Great Britain and Northern Ireland, acting through the Department for International Development ("Donor") under the Jamaica Strengthening Public Investment Management System and Budget Processes Single-Donor Trust Fund, proposes to extend to the Recipient a grant in an amount not to exceed one million and sixty-two thousand, nine hundred seven and forty-four British Pounds (£1,062,907.44) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donor. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donor under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.
Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date set forth in page 1 of this Agreement; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within 90 days after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

By
Karin Kemper
Acting Country Director
Caribbean Country Management Unit
Latin America and the Caribbean Region

AGREED:
JAMAICA
By
[Signature]
Authorized Representative
Name
[Name]
Title
[Title]
Date: [Date]

Enclosures:

2. Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006;
Article I
Standard Conditions; Definitions


1.02. Definitions. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement, and the following terms will have the following meanings:

(a) "BSJ" means Bureau of Standards Jamaica, established as a statutory body in 1969, pursuant to the BSJ Legislation, or any legal successor thereto.

(b) "BSJ Legislation" means Jamaica’s Standards Act, as amended to the date of the Loan Agreement.

(c) "CROSQ" means the Caribbean Community and Common Market’s (CARICOM) Regional Organization for Standards and Quality.

(d) "ICT" means information and communications technology.

(e) "JCA" means Jamaica Customs Agency, established pursuant to the JCA Legislation, and designated as an executive agency on April 2, 2013, or any legal successor thereto.

(f) "JCA Legislation" means Jamaica’s Revenue Administration Act, as amended to the date of the Loan Agreement.

(g) "Loan Agreement" means the agreement entered into between the World Bank and Jamaica for the Strategic Public Sector Transformation Project, dated September 3, 2014.

(h) "NLA" means Jamaica’s National Land Agency, designated as an executive agency on April 1, 2002, pursuant to Jamaica’s Executive Agencies Act, or any legal successor thereto. The NLA is an amalgamation of four former departments of government (namely the Titles Office, Survey Department, Land Valuation Department and Lands Department), whose functions are prescribed by the NLA Legislation.

(i) "NLA Legislation" means Jamaica’s Registration of Titles Act, Registration (Strata Titles) Act, Land Surveyors Act, Land Valuation Act, Crown Property (Vesting) Act and Land Acquisition Act, all as amended to the date of the Loan Agreement.

(j) "MDAs" means any of Jamaica’s ministries, departments and agencies.

(k) "MOFP" means the Recipient’s Ministry of Finance and Planning, the Project executing entity.

(l) "Operating Costs" means the reasonable incremental expenses, as shall have been approved by the World Bank, incurred by Jamaica with respect to Project implementation, management and monitoring, including the salaries of non-professional staff assigned to the PIU (excluding salaries of Jamaica’s civil service staff), communication, editing,
printing and publication, translation, vehicle operation and maintenance, bank charges, local travel costs and field trip expenses, office equipment and rentals, utilities, non-durable goods and supplies.

(m) “Operational Manual” means Jamaica’s manual, satisfactory to the World Bank, referred to in Section I.C.1 of Schedule 2 to the Loan Agreement, as such manual may be amended from time to time with the World Bank’s prior approval.

(n) “PIMS” means Jamaica’s framework for the preparation, appraisal, approval and management of all public investments in Jamaica’s territory.

(o) “PIU” means the unit referred to in Section I.A.1 of Schedule 2 to the Loan Agreement.

(p) “Project” means the Strategic Public Sector Transformation Project, described in Schedule 1 to the Loan Agreement.

(q) “Public Financial Management Action Plan” means Jamaica’s public financial management reform program, established pursuant to Jamaica’s Cabinet Decision No.35/13, dated October 7, 2013.

(r) “Selected Areas” means any area in Jamaica’s territory, selected pursuant to the criteria set forth in the Operational Manual.

(s) “Selected Border Agencies” means any of Jamaica’s agencies responsible for trade-related border management, selected pursuant to the criteria set forth in the Operational Manual.

(t) “TAJ” means Tax Administration Jamaica, Jamaica’s tax administration department, established pursuant to the TAJ Legislation, or any legal successor thereto.

(u) “TAJ Legislation” means Jamaica’s Revenue Administration Act, as amended to the date of the Loan Agreement.

(v) “Training” means the reasonable costs, as shall have been approved by the World Bank, for training and workshops conducted under the Project, including tuition, visa, travel per diem and hotels and subsistence costs for training and workshop participants, and costs associated with securing the services of trainers and workshop speakers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training and to workshop activities.

(w) “WTO ATF” means the World Trade Organization’s Agreement on Trade Facilitation acceded to by Jamaica on March 9, 1995.

(x) “WTO TBT” means the World Trade Organization’s Agreement on Technical Barriers to Trade, adopted by Jamaica on December 7, 2013.
2.01. **Project Objectives and Description.** The objective of the Project is to strengthen public resource management and support selected public sector institutions in facilitating a more enabling environment for private sector growth. The Project consists of the following parts:

**Part 1: Strengthening the Public Investment Management System**

(a) Design and implementation of a Public Investment Management System ("PIMS") through: (i) the development of an information technology platform which will provide information of public investment across the public investment cycle and link said information to the Recipient’s budget and financial systems; (ii) the migration of the Recipient’s web-based database to the PIMS information system; and (iii) the carrying out of capacity building activities to improve the Recipient’s public investment and analytical capacity for implementation of the PIMS.

(b) Design and implementation of a public investment management training program for public sector employees through: (i) the design of the public investment management training modules; (ii) training on public investment preparation; (iii) training for project management; and (iv) training on public investment monitoring.

(c) Reviewing legislation and carrying out dissemination activities to integrate the PIMS with the Recipient’s administrative systems, including: (i) the Recipient’s procurement system; and (ii) the Recipient’s human resources system.

(d) Strengthening the monitoring of public investment through citizen participation, including the carrying out of: (i) external audits of projects; and (ii) public investment performance surveys.

(e) (i) Designing a fund for the funding of pre-investment financial and economic analysis and post-investment evaluations of the Recipient’s public investments; and (ii) carrying out: (A) pre-investment financial and economic analysis of the Recipient’s proposed public investments to identify priority public investments based on the Recipient’s long-term development agenda; and (B) post-investment evaluations of the effectiveness of the Recipient’s completed public investments.

(f) Provision of technical assistance for the implementation of the Public Financial Management Action Plan.

**Part 2: Strengthening the Budget Preparation Process and Results-Based Budgeting**

(a) Updating the Recipient’s budget manual to include: (i) guidelines to align annual and medium-term budgeting; (ii) procedures for budget preparation and execution; and (iii) guidelines on the new budget preparation cycle.

(b) Institutionalizing baseline forward estimates in the Recipient’s budget preparation process.

(c) Developing and implementing procedures to: (i) achieve better resource allocation through greater aligning of policy, planning and budgeting in MDAs; (ii) incorporate procurement planning into the planning process and linking procurement plans to the budget process; (iii) set medium-term expenditure ceilings for MDAs; (iv) improve alignment of recurrent
budgets with public investment expenditures; and (v) carry out a review of human resources required by the Recipient’s budget office.

(d) Provision of training on results-based budgeting to the Recipient’s staff, selected pursuant to the criteria set forth in the Operational Manual.

(e) Carrying out a review of the staffing levels in select MDAs to obtain accurate employee numbers and compensation costs for on-going budget preparation and execution.

(f) Establishment of a participatory budgeting process through the carrying out of thematic meetings including citizens, NGO’s, universities and business representatives.

Part 3: Adaptive Public Sector Approaches to Promote Fiscal Sustainability

(a) Supporting the Recipient’s change management process to implement public sector reforms on the public investment management system, the budget preparation process and results-based budgeting, property tax compliance and administration, and industrial growth and trade facilitation, all through the carrying out of activities selected following the procedures and criteria set forth in the Operational Manual, including:

(i) the carrying out of a consultation process within the Recipient’s public sector to assess the status of implementation of public sector reforms;

(ii) the improvement of the Recipient’s communication and feedback mechanisms to strengthen the interrelationships within the Recipient’s public sector;

(iii) the identification and implementation of activities to support the sustainability of public sector reforms; and

(iv) (A) the identification and assessment of activities to address challenges in the implementation of public sector reforms; and (B) based on said assessment, the design and implementation of a strategy to carry out said activities.

(b) Provision of technical assistance to the Recipient to address public sector reform implementation gaps through the carrying out of activities selected following the procedure and criteria set forth in the Operational Manual, including:

(i) the carrying out of an analysis of the Recipient’s governance and accountability framework;

(ii) the provision of support to assist the Recipient in achieving its public sector reforms related to the Project including change management, as set forth in the Operational Manual; and

(iii) the carrying out of an analysis of the Recipient’s trade facilitation capacity and mechanism to streamline said process to enhance its efficiency and effectiveness.
Part 4: Strengthening Property Tax Compliance and Administration

Provision of technical assistance to TAJ and NLA to improve property tax compliance through:

(a) the simplification of property tax payment procedures and expansion of property tax payment channels in Selected Areas;

(b) the design and implementation of a strategy to collect property tax arrears and enforce property tax compliance;

(c) the improvement of the land parcel identification system, through the connection of the land parcel identification system with the TRN;

(d) updating the fiscal cadaster through the carrying out of field surveys on Selected Areas to obtain additional relevant information on land characteristics; and

(e) upgrading the property tax management system through: (i) improving the management of property tax documents and records; and (ii) improving the coordination between land valuation and land titling functions.

Part 5: Fostering Industrial Growth and Trade Facilitation

(a) Provision of technical assistance to BSJ through:

(i) the carrying out of a review of BSJ’s testing and certification procedures to ensure compliance with the Recipient’s international and regional trade agreements and standards, including the WTO TBT and the CROSQ standards; and

(ii) the carrying out of capacity building activities to improve BSJ’s service orientation.

(b) Providing technical assistance to JCA, through:

(i) the design of a strategy to ensure coordination among Selected Border Agencies concerning compliance with the WTO ATF, through: (1) integrating the operational processes of Selected Border Agencies; (2) developing a communication strategy to create awareness on said integrated processes; (3) carrying out training for JCA’s and the Selected Border Agencies management and staff on said integrated processes; and (4) developing a framework to simplify fees for import, export and transit operations; and

(ii) the strengthening of JCA’s capacity to operate effectively and efficiently through: (1) the design of a strategy and provision of training for JCA’s gathering, analyzing and disseminating information on JCA’s performance; (2) the design and implementation of a training program for JCA’s new staff on, inter alia, tariff classification, valuation, search techniques and cargo inspection; (3) the review and improvement of JCA’s corporate policies in human resources, finance and corporate services; and (4) the design of an ICT governance framework.
Part 6: Project Management

Provision of support on Project management to: (i) carry out Project audits; (ii) comply with the financial management and procurement obligations under the Project; (iii) monitor and evaluate Project activities; (iv) provide training and the acquisition of goods required thereof and finance Operating Costs.

2.02. Project Execution Generally. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through MOFP in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 (“Anti-Corruption Guidelines”); (c) this Article II; and (d) the Operational Manual.

2.03. Documents; Records.

In addition and without limitation to the obligations set forth in Section 2.05 of the Standard Conditions, the Recipient shall ensure that:

(a) all records evidencing expenditures under the Project are retained for seven years and six months after the Closing Date, such records to include: (i) this Agreement, all addenda thereof, and any amendments thereto; (ii) the Recipient’s financial and narrative progress reports submitted to the World Bank; (iii) the Recipient’s financial information related to the Grant, including audit reports, invoices and payroll records; (iv) the Recipient’s implementation documentation (including sub-agreements, procurement files, contracts, purchase orders); and (v) the corresponding supporting evidence referred to in Section 3.04 of the Standard Conditions; and

(b) the representatives of the World Bank are: (i) able to examine all records referred to above in paragraph (a); (ii) provided all such information concerning such records as they may from time to time reasonably request; and (iii) able to disclose such records and information to the Donor.

2.04. Project Monitoring, Reporting and Evaluation. (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators set forth in the Operational Manual. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

2.05. Financial Management. (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.
2.06. Procurement

(a) General. All goods, non-consulting services and consultants' services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:


(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014) (“Consultant Guidelines”) in the case of consultants’ services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

(b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

(c) Particular Methods of Procurement of Goods and Non-consulting Services

(i) Except as otherwise provided in sub-paragraph (ii) below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

(ii) The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts which are specified in the Procurement Plan: (a) Limited International Bidding; (b) National Competitive Bidding; (c) Shopping; and (d) Direct Contracting.

(d) Particular Methods of Procurement of Consultants' Services

(i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods, other than Quality- and Cost-based Selection, may be used for the procurement of consultants' services for those assignments which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants’ Qualifications; (e) Single-source Selection of consulting firms; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (g) Single-source procedures for the Selection of Individual Consultants.
(e) Review by the World Bank of Procurement Decisions. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.
Article III  
Withdrawal of Grant Proceeds

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance 100% of Eligible Expenditures consisting of goods, consultants’ services, Training and Operating Costs under Parts 1(b)(i), 1(b)(ii), 1(c), 1(d)(ii), 1(e)(i), 2(a), 2(b), 2(c)(iii), 2(c)(iv), 2(c)(v) and 2(f) of the Project, inclusive of Taxes.

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient, except that withdrawals up to an aggregate amount not to exceed the sum of two hundred and twelve thousand, five hundred and eight-one and forty-nine British Pounds (£212,581.49) equivalent may be made for payments made prior to this date but on or after December 30, 2015 for Eligible Expenditures under Part 2(b) of the Project.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is September 30, 2016.

Article IV  
Recipient’s Representative; Addresses

4.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Minister of Finance and Planning.

4.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance and Planning  
30 National Heroes Circle  
Kingston 4  
Jamaica

Facsimile:  
876-924-9291

4.03. **World Bank’s Address.** The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable:  
INTBAFRAD  
Telex:  
248423 (MCI) or  
Washington, D.C.  
64145 (MCI)  
1-202-477-6391